

Before the
Federal Communications Commission
Washington, D. C. 20554

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JAN 31 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Petition of American Telephone)
and Telegraph Company for)
Rulemaking on Universal Service)
Fund)

RM-8408

**REPLY COMMENTS
OF THE
UNITED STATES TELEPHONE ASSOCIATION**

The United States Telephone Association (USTA) respectfully submits its reply to comments filed January 14, 1994 in the above-referenced proceeding. USTA is the principal trade association of the exchange carrier industry. Its members provide over 98 percent of the exchange carrier-provided access lines in the U. S. USTA has been a leader in dealing with universal service issues and its commitment to universal service continues.

The Universal Service Fund (USF) is accomplishing its objective to assist in keeping telephone service affordable in high cost rural areas. As stated by one commenter, "[t]he health of USF is critical to small telephone companies. If in the administration of the allocation to USF contributors, one of those contributors is disadvantaged, the well-being of the fund will be in jeopardy. The FCC should take steps to ensure equitable participation of all interexchange carriers in order to guarantee long term, affordable telephone service to all areas of

the country."¹

USTA agrees that the USF should operate on a competitively neutral basis. In its comments filed on the MFS Petition regarding universal service, USTA recommended that the Commission take action to identify the nature of all support flows, implicit as well as explicit, to reassess today's mechanisms to assure continuation of necessary support and equitable distribution of support responsibilities among all industry participants and to move ahead promptly and without delay on the issue of access reform.² USTA explained that the current access rules continue to limit the options that can be made available by exchange carriers to customers, and tolerate an imbalance in the flow of support across the industry. As a result, they operate to favor new access service providers over the exchange carriers-- businesses that have consistently delivered superior and ubiquitous service, including service to those whom no one else has sought to serve. In contrast, there would be no such imbalance if universal service-related support were generated in an evenhanded and nondiscriminatory manner.

USTA believes that a full assessment of universal service is required. Universal service issues, including those raised by AT&T and previously by MFS, are too important to be dealt with in a piecemeal fashion. The Commission should address the full

¹Great Plains Communications at 1.

²Comments of USTA in the Matter of Inquiry into Policies and Programs to Assure Universal Telephone Service in a Competitive Market Environment, RM 8388, filed December 16, 1993.

burden and responsibility of providing universal service and ensure that universal service structures accommodate competition and technology.

Therefore, USTA supports those commenting parties that believe that the issue of allocating USF costs among interexchange carriers as discussed in the Petition filed by AT&T should be included for comment in a comprehensive rulemaking which should address all universal service concerns.³ Further, with respect to AT&T's request for interim relief, USTA does not believe that the record compiled to date is sufficient to support such action. USTA recommends that the Commission deny interim relief at this time.

The Commission should move forward as soon as possible with a comprehensive proceeding on all universal service issues.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

By: _____

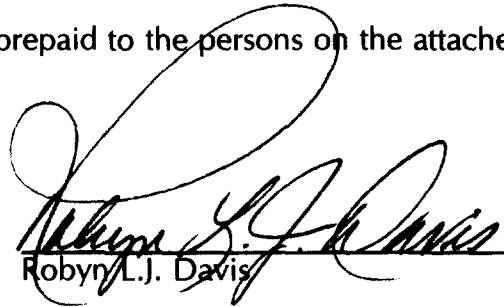
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January 31, 1994

³See, for example, comments of U S WEST, Pacific Bell and Nevada Bell, GTE, General Communication, Inc., National Exchange Carrier Association and Southwestern Bell.

CERTIFICATE OF SERVICE

I, Robyn L.J. Davis, do certify that on January 31, 1994 copies of the Reply Comments of the United States Telephone Association were either hand-delivered, or deposited in the U.S. Mail, first-class, postage prepaid to the persons on the attached service list.



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